

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: November 23, 2010

FROM: Office of General Counsel

SUBJ: Proposed Sample Income Data Rule – Low-Income Designation Under Section 701.34

ACTION REQUESTED: NCUA Board approval of a proposed rule amending §701.34, the low-income rule, with regard to the use of sample income data to qualify credit unions for a low-income designation.

DATE ACTION REQUESTED: December 16, 2010.

OTHER OFFICES CONSULTED: Regional Offices, Office of Examination and Insurance, Office of Small Credit Union Initiatives, Office of Consumer Protection.

VIEWS OF OFFICES CONSULTED: Concur.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

BUDGET IMPACT, IF ANY: None.

RESPONSIBLE STAFF MEMBERS: Regina Metz, Staff Attorney, Office of General Counsel; John Worth, Chief Economist, Office of the Chief Economist; and Robert C. Leonard, Director, Division of Consumer Access, Office of Consumer Protection.

SUMMARY: The proposed amendment would permit credit unions that do not qualify for a low-income designation using the NCUA geo-coding software to submit an analysis of a statistically valid sample of their member income data as evidence they qualify. The reason for the proposal is the current rule, as an alternative to NCUA's geo-coding software, requires member data drawn from loan applications or member surveys to show a majority of the members are low-income as defined in the low-income rule. Permitting credit unions to use a statistically valid sample of member incomes drawn from loan files or surveys, rather than collect income data from a majority of their members, would ease the burden on credit unions attempting to qualify for a low-income designation.

RECOMMENDED ACTION: Recommend the Board issue the proposed rule.

ATTACHMENT: Proposed rule.